

1997 SMALL BUSINESS PROFILE

SMALL BUSINESS: BACKBONE OF THE WISCONSIN ECONOMY

The importance of small business to the state of Wisconsin is evident in the 1997 Small Business Profile. The findings reported in this year's profile, compiled by the U.S. Small Business Administration's (SBA) Office of Advocacy, clearly indicate the crucial role small businesses play in the state's economy. Not only do small businesses play a vital role as job creators, but their diversity and composition provide the work force with endless opportunities.

Number of Businesses - In 1996, Wisconsin had 116,965 businesses with employees; 98.2 percent of the businesses were small businesses (percent based on 1994 data for independent businesses with fewer than 500 workers). In addition to the number of employer businesses, the state also had 153,000 self-employed persons in 1996, for an estimated total of 269,965 businesses.

Small Business Income - The income of sole proprietors and partners rose 6.1 percent to \$7.0 billion in 1996, while wage-and-salary income rose 5.5 percent. Total personal income rose 5.6 percent to \$76.1 billion. The state also exported \$8.4 billion of goods in 1996.

Minority Businesses - According to The National Foundation for Women Business Owners, as of 1996, there were 134,400 women-owned businesses in Wisconsin, including part-time firms, employing 374,400 people and generating \$41.6 billion in sales. Between 1987-1996, the number of women-owned businesses, increased 78.5 percent.

According to the latest Bureau of the Census data, the number of Black-owned firms, including part-time firms, increased 44.7 percent from 1987 to 1992, totaling 3,446 in 1992. The number of Hispanic-owned firms, including part-time businesses, rose 97.1 percent during the same time period with 1,762 firms in 1992. There has also been a marked increase in the number of businesses owned by Asian and Pacific Islanders, American Indians, and Alaskan Natives. The number for this group grew from 1,451 in 1987, to 2,486 in 1992, representing a 71.3 percent increase.

Business Turnover - The number of new firms increased 3.4 percent, while new business incorporations decreased 3.1 percent in 1996. Financial difficulties leading to business bankruptcies increased by 7.8 percent and business failures decreased by 18.0 percent during 1996.

Finance - An SBA Office of Advocacy study found that the number of banks in Wisconsin decreased from 424 in 1994 to 376 in 1996. The study also found the top lenders to small businesses in fiscal year 1996 were:

Bank Name	Location
DE FOREST-MORRISONVILLE BK	De Forest
FIRST NB FOX VALLEY	Menasha
SECURITY ST BK	Iron River
F&M BK WINNEBAGO CTY	Omro
IXONIA ST BK	Ixonia
STATE BK CHILTON	Chilton
FIRST NB OF PLATTEVILLE	Platteville
HERITAGE BK OF HAYWARD	Hayward
COMMUNITY FIRST ST BK	Spooner
STEPHENSON NB&TC	Marinette
M&I BK EAGLE RIVER	Eagle River
FIRST NB HARTFORD	Hartford
FIRST AMERICAN BK WI	Menomonie
M&I BK NE	Green Bay
FIRSTAR BK WI	Madison

Job Growth - Small businesses created all of the net new jobs from 1992 to 1996. Very small businesses (less than 20 employees) represented 63.2 percent of the small business growth with 132,729 new jobs. These numbers clearly reflect the importance of small businesses as job creators.

Number of Jobs Created by Major Industry and Employment Size of Firm, 1992-1996 (Thousands)

Industry	1-4	5-19	20-99	100-499	500+	Totals
All Industries	89,943	42,786	31,458	45,985	(47,293)	162,879
Manufacturing	4,652	7,771	11,186	14,544	(3,659)	34,491
Retail Trade	13,927	3,749	2,319	7,403	(9,143)	18,255
Services	47,251	19,228	15,518	14,721	(16,561)	80,158
Other	24,114	12,038	2,436	9,317	(17,928)	29,974

Industries - The composition of small business in Wisconsin is very diverse. The Eating & Drinking Places industry is the largest small business employer in Wisconsin, followed by Health Services. The fastest growing industry for small business is Electronic & Electrical Equipment & Components Except Computer (represents industries that were at least 0.25% of the 1994 total).

The following three tables provide further information about the composition of the small business sector in the state. The information is for 1994, the latest year available.

Table 1, Top Five Industries in Wisconsin by Employment, 1994

Industry	SIC	Employment Total	Percent of Total	Percent Small
Total - All Industries	--	2,099,949	100.0	56.2
Health Services	8000	225,153	10.7	39.9
Eating & Drinking Places	5800	153,693	7.3	77.3
Industrial & Commercial Machinery & Computer Equipment	3500	102,453	4.9	38.7
Business Services	7300	96,904	4.6	59.0
Wholesale Trade - Durable Goods	5000	72,181	3.4	78.9

Table 2, Top Five Small Business Industries in Wisconsin by Employment, 1994

Industry	SIC	Employment in firms with 0 - 499 employees	Percent of Total	Percent Small
Total - All Industries	--	1,180,607	100.0	56.2
Eating & Drinking Places	5800	118,828	7.3	77.3
Health Services	8000	89,841	10.7	39.9
Special Trade Contractors	1700	57,389	2.8	96.6
Business Services	7300	57,172	4.6	59.0
Wholesale Trade - Durable Goods	5000	56,980	3.4	78.9

Table 3, Fastest Growing Industries for Small Business in Wisconsin, 1993 - 1994

Industry	1993	1994	Amount Change	Percent Change
Total - All Industries	1,170,917	1,180,607	9,690	0.8
Electronic & Electrical Equipment & Components Except Computer	11,621	12,613	992	8.5
Rubber & Miscellaneous Plastics Products	13,905	15,064	1,159	8.3
Automotive Repair, Services, & Parking	14,912	15,995	1,083	7.3
Paper & Allied Products	7,000	7,453	453	6.5
Lumber & Wood Products, Except Furniture	17,291	18,384	1,093	6.3

Sources: Office of Advocacy, U.S. Small Business Administration from data provided by the Department of Commerce, Department of Labor, Administrative Office of the U.S. Courts, Federal Reserve Board, Dun & Bradstreet Corporation, National Foundation of Women Business Owners, and Cognetics Inc.